

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

August 12, 2003

IN RE:

**ATMOS ENERGY CORPORATION FOR
CHANGE IN PARAGRAPH 4.3 OF
TARIFF 2ND REVISED SHEET NO. 57**

**DOCKET NO.
03-00189**

ORDER DENYING TARIFF

This matter came before Chairman Sara Kyle, Director Deborah Taylor Tate and Director Pat Miller of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on April 24, 2003, for consideration of a change in billing procedures in Paragraph 4.3 of the Tariff 2nd Revised Sheet No. 57 filed by Atmos Energy Corporation ("Atmos" or the "Company").¹ Atmos filed a letter on February 24, 2003 seeking to amend its Tariff in reference to Section 4, Billing, on the 2nd Revised Sheet No. 57, with a proposed effective date of May 1, 2003.

Atmos stated that the proposed amendment would clarify the language in paragraph 4.3 of the First Revised Sheet No. 57.² After being informed that the request constituted a modification of the Tariff, the Company filed a petition which would be properly considered by the Directors. The *Petition by United Cities Gas Company for Approval of Tariff 2nd Revised Sheet No. 57* (the "*Petition*") was filed on March 11, 2003.

¹ Atmos Energy Corporation is the parent corporation for United Cities Gas Company.

² Currently, the Company's tariff reads "The Company will not render an estimated bill to a customer except for good cause where the meter could not be read or was improperly registering." The proposed amendment would allow the Company to render estimated bills "under ordinary circumstances. . ."

The *Petition* was first considered at a regularly scheduled Authority Conference held on April 7, 2003. At that Conference, the Directors requested the Company to file a report evaluating the potential costs and benefits of implementing the proposed estimated billing program. The Directors instructed Atmos to file the report no later than April 14, 2003 and voted to defer consideration of the *Petition* until the next regularly scheduled Authority Conference on April 24, 2003. The Company filed a letter with the Authority on April 14, 2003 explaining certain benefits that would result from the estimated billing program.

After consideration of the Tariff, the report of the Company and the record in this matter, the Directors voted unanimously to deny the *Petition* based upon the following:

1. The proposed estimated billing program raises safety concerns. Section 192.613 of the Gas Safety Code provides:

Each operator shall have a procedure for continuing surveillance of its facilities to determine and take appropriate action concerning changes in class locations, failures, leakage history, corrosion, substantial changes in cathodic protection requirements, and other unusual operating and maintenance conditions.”³

Failure on the part of an operator to read meters on a regular basis can result in “unusual operating and maintenance conditions.” Meter readings two months apart create a higher risk to safety than meter readings every thirty days.

2. The proposed tariff is inconsistent with the intent of Tenn. Comp. R. & Regs. 1220-4-5-.09.⁴ The rates currently in place were approved by the Tennessee Public Service Commission in Docket No. 95-02258. When Atmos customers pay their monthly bills as provided for under the current Tariff, their bills include all services provided by the Company,

³ Gas Safety Code 192.613 (Federal Minimum Gas Safety Standards).

⁴ Tenn. Comp. R. & Regs. 1220-4-5-.09 METER READING INTERVAL. Meters shall be read monthly, except that authority may be obtained from the Commission for reading the meters at other than monthly intervals. As nearly as practicable, utilities shall avoid sending a customer two successive estimated bills. **Authority:** T.C.A. §65-202. **Administrative History:** Original Rule certified May 9, 1974.

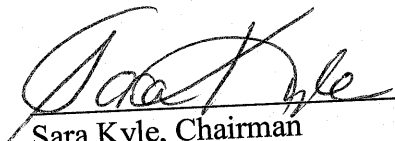
including their monthly meter reading. TRA Rule 1220-4-5-.09 clearly states that in normal circumstances meters shall be read monthly and that no customer should receive two consecutive estimated bills. The Rule does permits the Company to send out estimated bills but only for good cause shown.

3. The proposed tariff does not provide a measurable benefit to customers. According to the *Petition*, the Company will be able to utilize its resources more efficiently. Nevertheless, Atmos admits that while the proposal will probably result in less reliance on contractors, thereby reducing capital expenditures, this proposal will not reduce operating and maintenance costs, i.e. labor and benefits.

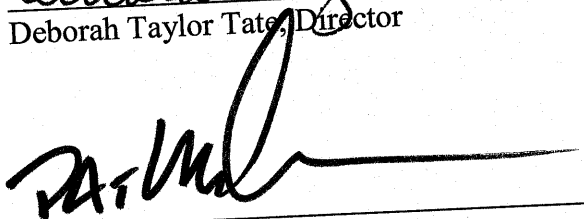
Based on the foregoing findings and conclusions, the panel voted unanimously to deny the *Petition*.

IT IS THEREFORE ORDERED THAT:

The Petition by United Cities Gas Company for Approval of Tariff 2nd Revised Sheet No. 57 is denied.


Sara Kyle, Chairman


Deborah Taylor Tate, Director


Pat Miller, Director